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ABSTRACT

This paper examines the present problems of urban school finance in order to determine why urban adjustments are necessary today in the new school finance formulas. It concludes that quality education, including quality integrated education, cannot be obtained by letting funds for urban education diminish. Cutbacks in staff, program offerings, books and materials, and other items will make the job of providing quality integrated education even harder. Metropolitan and State policy makers must become convinced and must act to insure that the totality of problems and that needs of urban education are addressed fairly and justly in future reforms of State school finance systems. This is essential if local urban education leaders are to be in positions to plan and implement quality education for all groups, minorities and whites alike. (Author/AM)

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Quality Urban Education - The Critical Issue of Dollars

by

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No matter what can be done to draft plans for improving the quality of the staff, the curricula, the textbooks, the facilities, etc. in order to promote quality integrated education, there is always the problem of how these plans will be financed. Federal monies for education constitute only 5-10% of the budgets of most local school districts, and Federal monies, at best, are remaining static, and at worst, are decreasing as a proportion of local education funds. State and local funds, therefore, presently and will continue to provide the overwhelming proportion of financing of local education programs.

In 1971 the California State Supreme Court decided Serrano v. Priest, a case wherein financing of local schools by overdependence on local property taxes was held to be unconstitutional. Local property taxes provide for a very significant part of local education budgets in California, as they do in most all states. But, even with the same tax rates, many local districts can raise only small amounts of local revenues compared to what other districts can raise. This situation results from the fact that local districts in California have vastly different property wealth from which they raise their taxes.*

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* Local Property Tax Rate x Assessed Valuation of Local Real Estate = Local Revenues. Thus, assuming the tax rate is the same for all districts, the richer the district (i.e. the higher its assessed valuation), the more local revenue it raises.

Despite the significant judicial, gubernatorial, state legislative and public attention to state school finance reform since this 1971 Serrano decision, cities, by and large, have not benefitted substantially in the many state reform schemes which have been enacted. It is not that these schemes have been unkind to cities, as state education aid has been redistributed in cities' favor as often as it has been shifted the other way. And cities of below average property wealth have had aid redistributed in their favor more often than they have not.

But most cities have a combination of fiscal problems and student needs which generally have been ignored in recent state school finance reforms. These problems and needs must be identified and publicized for each and every city. Information about them must vigorously be carried to the metropolitan and state policy-makers who formulate state education aid policies, so that the totality of problems and needs of urban education are dealt with fairly and justly in future state school finance reforms.

The Need for Urban Adjustments

Urban school finance historically has not received much special legislative attention. It has not been necessary. Cities have had sound property tax bases. They have used their wealth to establish themselves as innovative leaders in elementary and secondary education. They were most prominent in creating high school opportunities for the general populace, instituting a broad variety of curricula within high schools, and initiating other costly programs, such as special education of the mentally and physically handicapped and vocational education. This fiscal and educational dominance by central cities of their metropolitan areas continued up until World War II.

By 1950, however, the emergence of suburban wealth on a large scale clearly marked the end of central city dominance. The suburbs used their new affluence to make education their principal public activity. They became educationally more attractive than the cities. Large city expenditures started moving "in a variety of directions relative to the national norms, but (over the past 20 years) they all have moved approximately in the same downward direction relative to their own state and metropolitan contexts."* This reversal of city and suburban roles as educational leader has become firmly established since the mid-1950's, with little sign of any change in sight.

Let us examine the present problems of urban school finance to ascertain why urban adjustments are necessary today in the new school finance formulas.

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* Professor Seymour Sacks, Syracuse (N.Y.) University.

(1) Some city tax bases are alarmingly deficient compared to state tax bases. For example, in New Jersey the 17 urban districts all together have equalized assessed valuation per pupil almost 30% less than the state average, while Newark and Camden have 62% and 66% less (Oct. 1973). Boston, Buffalo, Baltimore, Jacksonville (Fla.), Wichita (Kansas) & Albuquerque (N. Mex.) have been almost as disadvantaged as the N.J. urban districts. Overall, however, city property tax bases still remain high compared to state tax bases.

More importantly, the property wealth of cities has been declining significantly relative to their surrounding metropolitan areas during the past 20 years. Yet urban education costs have had to respond to suburban cost pressures. According to Prof. Seymour Sacks, a well-known scholar concerning city-suburban cost differences, "the common metropolitan environment, which in former years had a salutary effect on suburban education, now has a debilitating effect on central city education as the metropolitan area determines the level of costs without providing the resources for meeting those costs." This is especially true regarding salaries, which account for 80-85% of school systems' operating budgets. Suburban jurisdictions also exert cost pressures as a result of their lowering of class size, which translates into requirements for hiring more teachers and other instructional personnel to teach the same number of students, which increases total salary costs. Suburbs additionally exert cost pressures by increasing the breadth and depth of program offerings, expanding special services, such as guidance counseling and special reading diagnostic services, and constructing more roomy and attractive school plants.

Yet traditional state aid formulas generally do not help cities in this situation, since the formulas are patterned after conventional concepts of allocating state aid to make up for local property tax base inadequacy in providing for minimum foundation programs, which were designed to help low-spending rural districts. Cities' apparently high wealth and expenditures compared to state averages have excluded cities from assistance under such formulas.

(2) Compounding the above situation has been the relative decrease in income which cities have suffered vis-a-vis their metropolitan suburban neighbors. By 1959 the proportion of families with incomes under $3,000 was almost 50% greater in central cities than in their outlying areas, and the disparity even larger for SMSA's* over 1,000,000. By 1967 median family income was only $7,813 in central cities and $9,367 in outlying metropolitan areas. Thus, when considering income alone, in order to offer educational systems on a par with their suburban neighbors' educational standards, cities would have to levy a 20% higher tax burden on their incomes. State equalization formulas, however, generally have not recognized or compensated for income differences among communities.

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* Standard Metropolitan Statistical Area

(3) Severe financial demands from noneducational public functions place another burden upon city tax bases. Central city total local taxes for the noneducational public functions, compared to outlying areas in large SMSA's, were 91% higher in 1967. Large city per capita expenditures for noneducational functions were 53% higher than state averages for police protection, 91% higher for fire protection, 87% higher for refuse collection and disposal, 66% higher for sewers, and 70% higher for health and hospital services in 1969-70. These noneducational cost pressures on city tax bases have not diminished over the years. As cities continue to lose industrial and commercial activity to the suburbs, continue to gain low income families, and generally experience a relative (and sometimes absolute) decline in their tax bases compared to those of their outlying suburbs, the extant urban noneducational expenditures are creating more fiscal competition for urban educational expenditures.

(4) Also urban school finance dollars do not buy the same education resources as rural areas' and suburban areas' dollars do. Instructional expenditures are the principal factors which are impacted by these differences. Cities (and their suburbs) pay significantly higher starting salaries than rural areas, both at the bachelors' and advanced degree levels. One might say this is a matter of choice for cities, but it seems doubtful that many qualified teachers (by present state standards) could be induced to work in central city districts at the starting salary levels paid teachers in rural areas. Some differential seems necessary to compensate for cost-of-living variations between metropolitan and rural areas.

Urban districts also pay more monies for average teacher salaries than do suburban districts. This is so because teacher salaries rise with seniority, and urban district teachers often have more seniority than their suburban counterparts. Yet according to Prof. Betsy Levin, noted scholar concerning education finance and legal issues, "the tenure system leaves districts little choice as to whether such (experienced) teachers are retained or replaced with inexperienced teachers." They must be retained and paid for their seniority.

Up until 1973, state minimum salary schedules which paid more for different training levels and for seniority were the only state vehicle for recognizing and compensating for the cost differences in providing for equivalent educational resources. These state salary schedules, mostly used in the South, were designed, however, primarily to provide a salary floor for rural districts.

(5) Finally, urban school finance requires special attention because of cities' disproportionate numbers of low achieving, low income, special education and vocational education students, and of students from different linguistic and cultural backgrounds.

For example, New York cities have twice the proportion of students scoring at least two grade levels below the state norms in reading, and more than three times as many children from families receiving AFDC payments, when compared to outlying school districts. Looking at 17 of the nation's largest cities, we note that their school districts have more than three times the proportion of Title I eligibles in their enrollment as their respective states have of school-age AFDC children in their overall state enrollments (1972). Regarding special education, for example, in New Jersey the 17 major urban districts proportionately have 50% more students in special education than does the State as a whole (Fall, 1972). These same city districts also have almost three times the percentage of Spanish-surnamed pupils as the state average (Fall, 1972). Nonwhite school populations for the 15 largest cities in the U.S., always high compared to suburbs, have increased tremendously in recent years, from a district average of 38% in 1960 to 56% in 1970.

Conclusion

Quality education, including quality integrated education, cannot be obtained by letting funds for urban education diminish. Cutbacks in staff, program offerings, books and materials made available in classrooms, facility renovation and improvement programs, etc. will make the job of providing quality integrated education even harder. Cities' totality of fiscal problems and educational needs must be identified and publicized widely. Metropolitan and state policy-makers must become convinced and must act to insure that the totality of problems and needs of urban education are addressed fairly and justly in future reforms of state school finance systems. This is essential if local urban education leaders are to be in positions to plan and implement quality education for Blacks, Mexican-Americans, Puerto-Ricans, Native Americans, Asian-Americans and Whites.

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